

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 416 - HB 564

February 27, 2021

SUMMARY OF BILL: Removes current prohibition, barring exceptions to such prohibition, against a claimant receiving unemployment benefits during the initial waiting period unless such claimant is found to be eligible during the three weeks following such waiting period.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$10,000,000/Unemployment Insurance Trust Fund
/FY21-22 and Subsequent Years**

Assumptions:

- Currently, pursuant to Tenn. Code Ann. § 50-7-302(a)(5), a claimant can only receive benefits for the initial waiting period if the claimant is eligible and certified for benefits in the each of the three consecutive weeks following the waiting period, unless the waiting period is waived by the Division of Employment Security, within the Department of Labor and Workforce Development.
- This legislation will authorize claimants to receive such benefits during the waiting period.
- Based on information from the Department, in 2018 and 2019, approximately 32 percent of claimants did not receive benefits for the waiting week.
- The Department reports that it would have paid approximately \$4,000,000 in 2018 and \$6,000,000 in 2019 to provide benefits to such claimants.
- The unemployment rate was 3.4 percent in 2018 and 3.5 percent in 2019.
- Pursuant to the Department's latest unemployment report, the state's seasonally adjusted unemployment rate for December was 6.4 percent.
- Based on information provided by the Department, this legislation will result in an increase in state expenditures to the Unemployment Insurance Trust Fund of \$10,000,000 in FY21-22 and subsequent years.

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$5,000,000

Assumptions:

- It is estimated that this legislation will result in an increase in business revenue as a portion of the additional unemployment insurance payments will be re-spent in the economy. For the purposes of this fiscal analysis, it is assumed that at least \$5,000,000 of such additional unemployment insurance payments would be spent on Tennessee businesses each year.
- No significant impact to jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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